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## **National Intelligence Daily**

Saturday 8 January 1983

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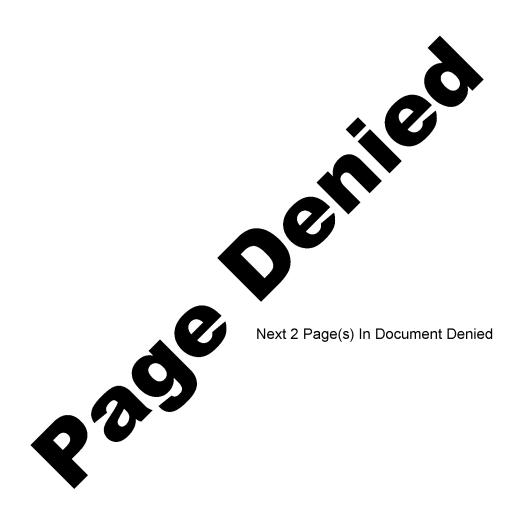
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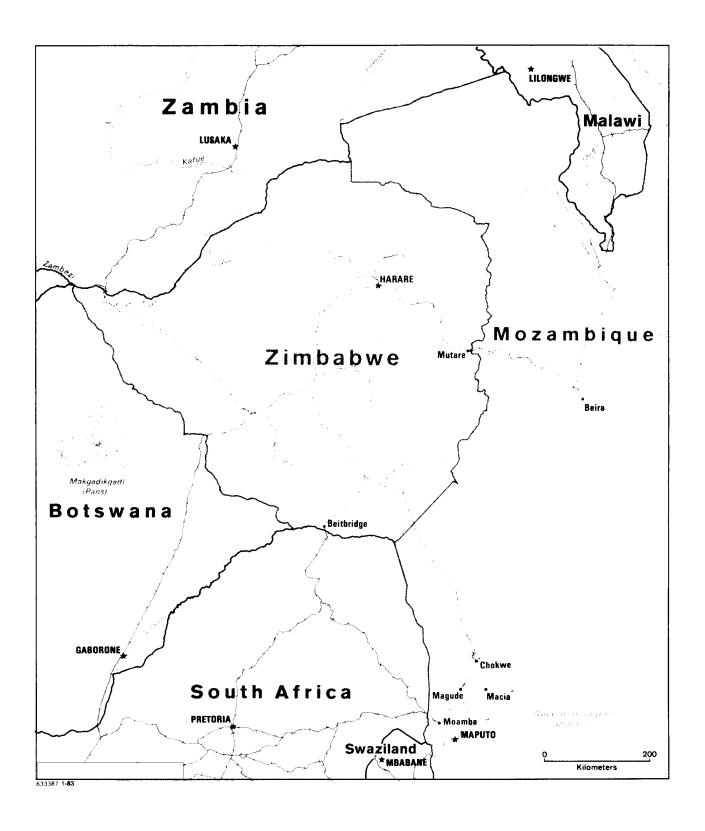
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	TOD Secret	25 <b>X</b> 1
EL SALVADOR: Military Commander Re	evolts	
The rebellion of an important field sions in the armed forces and has increas Minister Garcia and Assembly President D'.	ed tensions <u>between Defense</u>	25 <b>X</b> 1
Lt. Col. Sigifredo Ochoa, who 1,000 troops in Cabanas Department has declared himself in rebellion a	in northern El <u>Salvador</u> ,	25X 25X
Comment: Ochoa is widely respability and decisive leadership, armost serious challenge to Garcia's Discontent with the Defense Minister counterinsurgency has grown in receamong junior officers, and he faces political pressure to step down. It tion of relative strength may enable challenge peacefully.	nd his revolt is the power in three years. er's handling of the ent months, particularly s increased military and Nonetheless, his posi-	25X
Ochoa's surrender would enhand with D'Aubuisson and the ultraright Minister probably will be forced, becompromise solution.	t. The Defense	25X
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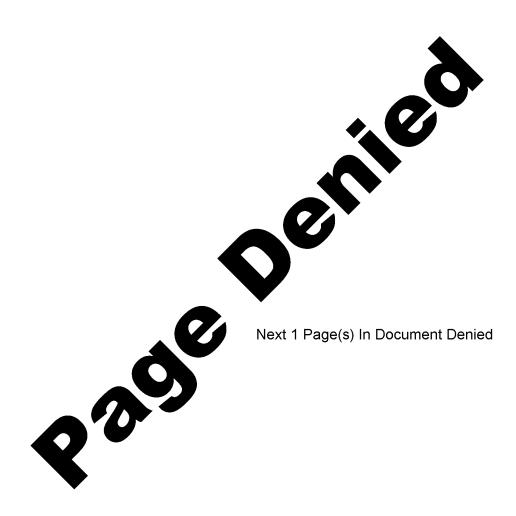


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UK-US: Liberal Party Leader's Visit	
Liberal Party leader David Steel, who arrives in Washington on Sunday, is trying to recapture attention for the faltering Social Democratic - Liberal Alliance and to strengthen his own political standing.	25X
Comment: Steel probably considers the visit as helping to pave the way for the planned public relations drive to revitalize the Alliance later this month. Steel is a supporter of close alignment with the Social Democrats and would probably accept their leader, Roy Jenkins, as the Alliance's prime minister - designate. The polls, however, show him to be the more popular politician and show Liberal strength holding up better than that of the Social Democrats.	25X
Despite the Alliance's recent drop in the polls, it still might capture enough support to hold the balance in Parliament after the next election. With this in mind, Steel probably hopes to help Jenkins appear to be the leader of the Alliance while putting himself in a position to determine the outcome of any postelection bargaining.	25X
Steel, like his Social Democratic colleagues, supports INF and is sympathetic to a British national nuclear program, although he opposes Trident. For the past two years, however, the Liberal Party's annual conference has voted to reject INF and to phase out existing submarine-launched ballistic missiles. Steel is not bound by the conference decisions, but he is concerned about growing unilateralist sentiment.	25X
In an effort to stake out a distinct political position for the Alliance, Steel is likely to support movement away from the zero option on INF and may endorse including British systems in arms control negotiations. He also may support a nuclear freeze, although some Social Democrats would find this unpalatable.	25X
Steel is likely to urge a "dual key" arrangement that puts US nuclear weapons based in the UK under the control of both London and Washington. He appears to believe that Prime Minister Thatcher's government is vulnerable on this increasingly prominent issue and that emphasis on the question could help fend off opponents of INF.	25X 25X1
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	Top Secret	25X
SOUTH AFRICA: More Pressure on Neighbor	rs	
South Africa is attempting to extract polinom Zimbabwe in return for alleviating its fue African - backed Mozambican insurgents are expations near Maputo.	l crisis, and South	25X
		25X
The pipeline, which was about to reagain this week in an attack by the Soundational Resistance Movement in Mozambio the insurgents have recently stepped up in the southernmost part of Mozambique have mined roads and attacked several to one that is only 40 kilometers from the is evidence that at least some of these staged directly from South Africa.	th African - backed que. Meanwhile, their operations near Maputo. They ownsincluding capitaland there attacks are being	25X
Comment: Mugabe will find it diffinant in the control of the contr	that could further ect fuel sales. ly this week by African involve- ern Zimbabwe. nd the Mozambican shipments that	25X
Some of the increased insurgent act and the attack on the pipeline have occupered becember, when the Mozambicans met with in an effort to reduce bilateral tension suggests that Pretoria is unable or unwithe rebels. Although Maputo is not immediately rebel advances toward the capitational pressure on President Machel to assistance.	urred since mid- the South Africans ns. This activity illing to rein in ediately threatened, al would put addi-	25)
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WARSAW PACT: Defense Ministers' Meeting
TASS has announced that the annual Warsaw Pact Defense Ministers' meeting will be held in Prague within the next few days, apparently between Tuesday and Thursday.
Comment: As in the past, the conferees probably will be preoccupied with increasing defense budgets to overcome sluggish military modernization in Warsaw Pact countries other than the USSR, as well as with other contentious issues. East European representatives, particularly the Romanians, Hungarians, and Poles, probably would resist substantial increases. The meeting is likely to issue a communique reiterating much of the language on disarmament that emerged from the Political Consultative Committee meeting this week. It may also issue a warning of the Pact's determination to defend itself and condemn Western arms buildups, including the proposed fielding of the Pershing II in Europe later this year.

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Special Analysis		
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GUATEMALA: Rios Montt's Prospects Improv	/ing	
President Rios Montt has stemmed the erosic within the military and the business community, a insurgency successes have strengthened his prosperat least over the short term. His improved situal him to announce some new political reforms. Rios however, is still jeopardized by the continuing a economy.	and recent counter- ects for surviving ation has enabled s Montt's future.	25X
The armed forces are becoming increathat Rios Montt's successful counterinsurhis new civic action programs, and his and drive are winning popular support for the	gency campaign,	25.4
	cofficers now This may depend Cess against	25X 25X
A new test may come, however, when R to retire 136 colonels to make more headr in the officer corps. The move will cleawere closely associated with the prior go it may revive coup plotting in the milita	Rios Montt attempts coom for promotion ar away some who evernment, but	
Rios Montt appears to have enough sumilitary to preclude a successful coup an Although recent success against the insurmajor reason for this support, the doubli of the budget allotted to defense has fur the President's position. The ongoing premilitary to produce munitions in Guatemal cessful testing of a domestically produce personnel carrier have also improved mora	ry time soon. Tegents is the snare of the share of the strengthened rogram of the a and the suc-	25 <b>X</b> 1
Political Initiatives		
With his position more secure, Rios taken to broaden political participation return Guatemala to constitutional rule. his intention to hold constituent assemble early 1984 and to convene the assembly two	and eventually  He has announced  v elections in	25X
	continued	
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To prepare for the elections, Rios M plans to announce new electoral laws on 2 first anniversary of the coup that brough The laws will set newand probably easier for organizing political parties and rest government. They are likely to make voti easier for all citizens.  Rios Montt may use the same occasion state of siege imposed last July and permactivity by parties, unions, and other grants.	23 Marchthe nt him to power. erguidelines toring an elected ing procedures n to end the nit political	25X 25X 25X
Rios Montt is personally reluctant to presidential elections within two years. that the existing parties do not represent society, and he wants to delay elections can effectively contest them. He probable election law will result in an abundance will drain support from the major existing	He complains  It Guatemalan  Until new groups  Y hopes the new  of parties that	25X
The President dare not move too rapi initiatives, because there is little enth armed forces for electing a civilian gove serious insurgent activity and economic pA recent opinion poll echoed the military ing that jobs and security, not elections concerns of the population.	nusiasm in the ernment while problems persist.	25X
Economic Problems Deepening		
The economy remains Rios Montt's big Economic activity is likely to decline fulleast 3 percent this year.	ggest problem. orther by at	25X
The insurgency and world recession h substantial losses of commercial credit, ness, and private investment. Foreign ex are virtually exhausted, and the governme to impose import quotas last month.	tourist busi- change reserves	25 <b>X</b> 1
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Rios Montt reportedly wants to move quickly to request an IMF standby agreement, which would help ease balance-of-payments problems and could encourage lending from other governments and organizations. The replacement last month of the President of the Central Bank, who had opposed an IMF agreement, will facilitate this move.

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The business community still shows some concern about Rios Montt's evangelical religious fervor, his lack of success in dealing with the economy, and his occasional criticisms of the private sector. His support from business and the working class will be in serious trouble if he does not establish a coherent economic policy soon and make some progress toward recovery.

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Substantial foreign economic assistance would help sustain Rios Montt's civic action programs. The President will need to uphold his promise of development assistance to the impoverished Indians or forfeit their growing support. Foreign economic or military assistance also would boost his stature with the military, but growing nationalism and a "go it alone" attitude in the ranks indicate that he would not risk his tenure immediately if he failed to obtain such aid.

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